



Earth Markets

Save Money — Save the Planet!
One Community at a Time

CONTACT INFORMATION:

Kerry E. O'Neill
President
Earth Markets, LLC
kerry@earthmarkets.com
(203) 258-2550

Written Testimony of Kerry E. O'Neill, President of Earth Markets, LLC Energy and Technology Committee March 18, 2010

Earth Markets is a Connecticut-based social venture that develops residential energy efficiency and clean energy programs that combine community-based social marketing strategies with environmental markets and finance such as affordable loans and the Class III RPS.

Raised Bill No. 463 "An Act Concerning Financing of Energy Efficiency and Renewable Energy"

Thank you for the opportunity to provide written testimony to the Energy & Technology Committee on Raised Bill No. 463 "An Act Concerning Financing of Energy Efficiency and Renewable Energy."

First, I would like to commend the Committee members for taking strong leadership on policies that will lead to the creation of jobs in Connecticut that support our transition to a clean energy economy. Financial innovation is accelerating across the country – and Connecticut is behind in its ability to compete for federal funding opportunities. **It is important that policies are developed that encourage private sector investment and leverage public sector dollars, and the establishment of a statewide revolving loan fund is an important step in this direction.**

Earth Markets supports the goal of creating an all-fuels revolving loan fund that would cover energy efficiency and renewable energy investments in the residential, commercial and industrial sector.

We make the following suggestions for your consideration in strengthening this bill:

- We would urge the committee to keep the RPS separate from this new financing program and instead consider other sources of public funds that could be leveraged to attract private investment. For instance, RGGI funds could be redirected to seed a revolving loan fund.
- Earth Markets recommends that credit enhancement strategies be pursued that can attract and leverage private sector investment. For instance, loan loss reserve funds, guarantees, rate buy-downs, etc. are being used in other states and regions to leverage public dollars anywhere from 5:1 to as high as 20:1.
- We would urge the committee to consider housing this loan program in a single entity, not at the EDCs. The **EDC service territories are too small to achieve the scale necessary** for a cost-effective revolving loan fund in each territory. Scale is critical in any loan program, and a statewide loan program would provide the necessary scale to keep transaction costs and administrative costs at a reasonable level.

- Further, we would urge the committee to empower the entity that would manage this new revolving loan fund to also administer Property Assessed Clean Energy (PACE) programs, should they be enabled in the state, on behalf of participating municipalities.
 - In this way, critical financial expertise and program expertise can be developed and shared between complementary financing programs.
 - This entity could eventually be tapped to provide technical assistance for energy savings performance contracting, another important “tool” in the financial tool box for encouraging clean energy investments.
- Earth Markets strongly encourages the committee to eliminate reference to a specific interest rate in legislation. This is something that should be left up to the program administrator, as market conditions move too quickly to be bound by legislation.
- We would encourage strong measurement & verification requirements on any work performed, to ensure that these loans are “investment-grade” and are delivering the savings they are supposed to.
- Earth Markets strongly suggests that this loan program be coordinated with the programs of the Energy Efficiency Fund, Clean Energy Fund, and other state programs, so consumers are not confused, and are also able to take full advantage of the incentives available to them.
 - Earth Markets would also support close integration with the Energy Efficiency Fund’s Home Energy Solutions program for the residential sector.
- We would urge the committee to ensure that sufficient funds are set aside for program administration, including marketing, education and outreach.
 - Best practices across the country tell us time and again that simply making financing available is not enough. In order for consumer demand to be created, the program must be marketed and also integrated into multiple points of delivery (whether through other energy programs available in the state, through a robust contractor network, etc.)

Thank you for your consideration and the opportunity to provide written testimony to members of this committee.